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Auth: DDA Memo, 4 Apr 77

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Date: 16 Mar 78 By: GENERAL

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1. UN Commission to charge UK with failure to cooperate--The secretary of the UN Palestine Commission has informed the US delegation that the Commission's 1 February report to the SC will probably charge the UK with failure to observe the provisions of the GA resolution for progressive withdrawal from Palestine. According to the Secretary, the UK delegate recently informed the Commission that it could not arrive in Palestine until two weeks prior to the British departure with all civil service personnel and that the UK would consider the employment of British nationals by the new Palestinian states to be a violation of neutrality. The Secretary considers that, under these conditions, the Commission can not go to Palestine.

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2. Spaak wishes US participation in defense arrangements--In a conversation with US Charge Millard in Brussels, Premier Spaak has emphasized his desire for some indication of US policy in Africa and of possible military requirements in that area. Spaak remarked that France and the UK had inquired concerning Belgian participation in an European defense pact but that he thought such a pact would be meaningless because of Germany's present position, unless it is meant as a veiled defense measure against the USSR. Spaak believes that any defense arrangements which do not include the US will be without practical value.

Spaak's views on European recovery--US Charge Millard also reports the following views of Premier Spaak on various aspects of European recovery: (a) the European initiative to reconvene the CEEC was a good one; (b) European

State Dept. review completed

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DIA review
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trade is suffering from a "descending spiral" and has become a system of balanced barter because of financial limitations and the difficulty of liquidating blocked credits; and (c) he is skeptical of a recent report that France wishes to join the Benelux customs union.

3. Bizonal consultations explained to France--In answering the French protest on German bizonal reorganization

[redacted] the Department of State has advised the French Government that General Clay has been requested to furnish French military officials in Berlin with complete information on the Frankfurt proposals and to transmit to the Department the views of the French authorities. The Department explains that the recent proposals were intended only to make the bizonal economic organization more workable and expresses the readiness of the US to hold tripartite discussions for the development of a German political organization at the appropriate time.

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EUROPE

- 4. FRANCE: Schuman asks US support for exchange proposal--** US Ambassador Caffery relays the personal appeal of Prime Minister Schuman to Secretary Snyder for support of the new French foreign exchange proposal before the International Monetary Fund. On the basis of the French Minister of Finance's conversations in London, Schuman expects that the British will oppose the French proposals and will sponsor instead a simple devaluation of the franc, because of British apprehension that multiple rates of exchange would result in a substantial discount for sterling. Schuman believes that a sacrifice of the French proposal would endanger the whole economic program of his Government.

Foreign Minister Bidault has expressed to Caffery a suspicion that part of the British opposition stems from British Labor Party irritation at the partial abandonment

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by the Schuman Government of the directed-economy principle. Bidault maintains that the French will push the proposal regardless of British opposition. Caffery strongly recommends the acceptance of Schuman's proposal.

De Gaulle return believed still possible--US Military Attache Paris comments that although the return of General de Gaulle is by no means inevitable, it remains possible. The MA believes that even if the Schuman Government succeeds in overcoming the worst features of the economic crisis, De Gaulle will profit from popular resentment of extreme economic measures. The MA adds that the present slight majority of the Government might be swung over by signs of a Gaullist ascendancy.

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